

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the matter of,

SUMMARY ORDER TO
CEASE AND DESIST

OPTION KING a/k/a
ADVANCED OPTION CAPITAL,
GREYMOUNTAIN MANAGEMENT, LTD, a/k/a
GREY MOUNTAIN MANAGEMENT,
DAVID CARTU, and DUNCAN ADAMS,

DFI Case No. S-235236 (EX)

Respondents.

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (“Division”), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 (“Ch. 551”) and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

Respondents

1. Upon information and belief, Option King, a/k/a Advanced Option Capital (“Option King”), is a company located in St. Vincent & the Grenadines, with a last known address of P.O. Box 182, Kingstown, VC0100, St. Vincent & the Grenadines.
2. Greymountain Management, Ltd., a/k/a Grey Mountain Management (“Greymountain”) is a company organized under the laws of the Republic of Ireland, with a last known registered office located at 3d floor, Ulysses House, Foley Street, Dublin 1, Ireland.

3. David Cartu ("Cartu") is an adult male citizen of the State of Israel with a last known address of Hatihila 12C, Netanya, Israel. At all times material, Cartu was the sole beneficial shareholder of Greymountain and directed all of the business affairs of the company.
4. Upon information and belief, Duncan Adams ("Adams") is an adult male employed by Option King as an account manager, with a last known business address at Option King.

Conduct

5. Option King, through the website www.optionking.com, purported to provide a binary options trading platform to the public. The website provided information on how to trade binary options and facilitated trades in binary options by users of the website.
6. Greymountain provided electronic support services for Option King's website including but not limited to credit card processing services for binary options trading.
7. On or about December 6, 7 or 8, 2015, a Wisconsin resident ("WL") contacted Option King via the internet. Thereafter, an individual who identified himself as Duncan Adams telephoned WL. Adams informed WL that he was an account manager with Option King, that he would assist WL to open a trading account, and that WL would have a broker working with him to conduct trades.
8. On or about December 9, 2015, WL agreed to open an account with Option King in the amount of \$500. To open the account, WL provided Adams and Option King with his personal information, including credit card information.
9. On December 10 and 11, 2015, WL received emails from Adams instructing him to sign and return three "verification forms" pertaining to WL's Option King account. Adams informed WL the purpose of the "verification forms" was to prevent money laundering and to allow him access to the funds that belonged to him.
10. The "verification forms" contained a deposit history which showed \$7,500 had been deposited into WL's Option King account on December 9, 2015, and \$5,000 had been deposited into WL's Option King account on December 10, 2015. In one of Adams' December 11 emails, Adams stated in relevant part "as soon i have those verification forms i will cashout the money for you..."
11. Based on Adams' representations to him and the information contained in the "verification forms," WL believed that he had earned \$12,500 on his initial \$500 investment through successful trading activity in just two days. Accordingly, WL

signed and emailed the “verification forms” to Adams and Option King per Adams’ request.

12. Sometime later WL attempted to execute a credit card transaction and learned that he had exceeded his credit card limit. In reviewing his credit card transaction history, WL learned that on December 9 and 10, 2015, before WL had signed and returned the “verification forms” to Option King, Greymountain on Option King’s behalf had processed charges on WL’s credit card in the aggregate amount of \$22,500 without WL’s knowledge or consent.
13. WL repeatedly requested Option King to return his money. On April 14, 2015, WL was informed that he had received a credit adjustment of \$1,000. However, the remaining \$21,500 was not charged back to WL’s credit card.
14. Option King denied WL’s repeated requests to withdraw funds from his Option King account and eventually closed WL’s Option King account without returning the outstanding \$21,500.
15. Upon information and belief, no trading activity was ever conducted on WL’s account by WL or by any Option King broker on WL’s behalf.
16. The Option King binary option contracts are investment contract securities as defined by Wis. Stat. § 551.102(28)(d)1., because they constitute an investment in a common enterprise with the expectation of profits to be derived through the essential managerial efforts of someone other than the investor.
17. The Option King binary option investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
18. At no time was Option King registered with the Division in any capacity, nor was it registered with the SEC, CFTC, NFA, FINRA, or the Cyprus Securities and Exchange Commission.
19. At no time was Greymountain registered with the Division in any capacity, nor was it registered with the SEC, CFTC, NFA, FINRA, or the Cyprus Securities and Exchange Commission.
20. At no time was David Cartu registered with the Division in any capacity, nor was he registered with the SEC, CFTC, NFA, FINRA, or the Cyprus Securities and Exchange Commission.

21. At no time was Duncan Adams registered with the Division in any capacity, nor was he registered with the SEC, CFTC, NFA, FINRA, or the Cyprus Securities and Exchange Commission.

B. Conclusions of Law

Legal Authority and Jurisdiction

22. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.
23. Option King transacted business as a broker-dealer as defined under Wis. Stat. § 555.102(4) and DFI Sec. 1.02(5), Wis. Admin. Code.
24. Adams transacted business as an agent of a broker-dealer as defined under Wis. Stat. § 551.102(2) and DFI Sec. 1.02(5), Wis. Admin. Code.
25. Pursuant to Wis. Stat. § 551.401(1), it is unlawful for a person to transact business in Wisconsin as a broker-dealer unless the person is registered under Ch. 551 as a broker-dealer or is exempt from registration as a broker-dealer under Wis. Stat. § 551.401(2).
26. Pursuant to Wis. Stat. § 551.402(1), it is unlawful for a person to transact business in Wisconsin as the agent of a broker-dealer unless the person is registered under Ch. 551 as a broker-dealer or is exempt from registration as a broker-dealer under Wis. Stat. § 551.402(2).
27. Pursuant to Wis. Stat. § 551.301, it is unlawful for a person to offer or sell a security in this state unless the security is registered in this state or is an exempt or covered security.
28. Pursuant to Wis. Stat. § 551.501(3), it is unlawful for a person, in connection with the offer, sale or purchase of a security, directly or indirectly, to engage in an act, practice, or course of business that operates as a fraud or deceit upon another person.

Violations

29. Through the conduct described above, Option King violated Wis. Stat. § 551.401(1) by transacting business as a broker-dealer in Wisconsin without being registered under Ch. 551 or exempted from registration under Wis. Stat. § 551.401(2).
30. Through the conduct described above, Duncan Adams violated Wis. Stat. § 551.402(1) by transacting business as an agent of a broker-dealer in Wisconsin without being registered under Ch. 551 or exempted from registration under Wis. Stat. § 551.402(2).

31. Through the conduct described above, Option King and Duncan Adams violated Wis. Stat. § 551.301 by offering and selling unregistered securities in this state to a Wisconsin investor.
32. Through the conduct described above, all Respondents violated Wis. Stat. § 551.501(3) by conducting their businesses, in connection with the offer and sale of securities, so as to operate a fraud and deceit upon WL.
33. Through the conduct described above, Greymountain and David Cartu materially aided and abetted the violations of Wis. Stat. §§ 551.301, 551.401, 551.402, and 551.501(3) by Option King and Duncan Adams.

III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to wit Wis. Stat. § 551.604, to issue the following orders and notices:

A. Summary Orders issued pursuant to Wis. Stat. § 551.604(2)

- (a) IT IS ORDERED that RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551 or successor statute, pursuant to Wis. Stat. §§ 551.604(1)(a) and (2).
- (b) IT IS FURTHER ORDERED that all exemptions from registration set forth at Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any of the RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(b) and (2).
- (c) IT IS FURTHER ORDERED that RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of any RESPONDENT, are prohibited from violating Wis. Stat. § 551.501 or successor statute.
- (d) PLEASE TAKE NOTICE that the summary orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. § 551.604(2).

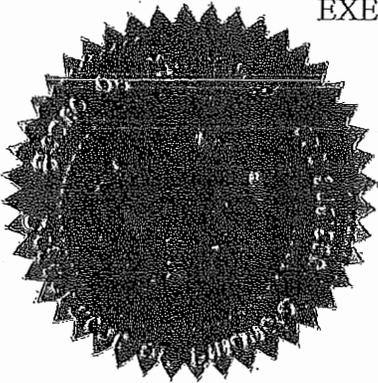
B. Service of Order

- (e) IT IS FURTHER ORDERED that this order shall be sent promptly by registered mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec. 8.06.
- (f) PLEASE TAKE NOTICE that the date of the service of this order is the date it is placed in the mail. You are advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

C. Notice of Hearing Rights

- (g) PLEASE TAKE NOTICE that you have the right to request a hearing. Every request for a hearing shall be in the form of a petition with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01. A petition for a hearing to review the order shall:
 - (1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and
 - (2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.
- (h) PLEASE TAKE FURTHER NOTICE that, within 15 days after receipt of a request in a record from you, the matter will be scheduled for a hearing or other public administrative proceedings, pursuant to Wis. Stats. §§ 551.604(2) and (3).
- (i) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the date of service of this order, the findings of fact, conclusions of law, and summary orders, become final as by operation of law, pursuant to Wis. Stat. §551.604(2).

EXECUTED at Madison, Wisconsin, this 27th day of November, 2017.



Leslie M. Van Buskirk

Leslie M. Van Buskirk
Administrator

Division of Securities
State of Wisconsin
Department of Financial Institutions
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703



State of Wisconsin
Department of Financial Institutions

Scott Walker, Governor

Jay Risch, Secretary

AFFIDAVIT OF SERVICE

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

- 1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.
2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by registered mail upon each Respondent at the Respondent's last known address:
i. SUMMARY ORDER TO CEASE AND DESIST, DFI Case No. S-235236 (EX); and
ii. A copy of this Affidavit of Service.
3. I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities, pursuant to Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

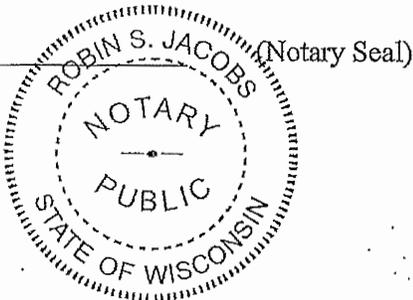
Katherine Clementi
KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

This 27th day of November, 2017

Robin S. Jacobs



Notary Public, State of Wisconsin

My commission is permanent.